REQUEST FOR AGREEMENT
(RFA)
for the
ELECTRONIC TAX ADMINISTRATION
(ETA)
PARTNERSHIP

Solicitation #:	TIRNO-99-H-00002
Title:	Project 3, Faxing of Form 8453 to Electronic Return Originators
Issued:	December 1, 1998
Proposals Due:	See Section 3.0, Delivery of Proposal/Project Plan
Questions:	E-mail “jeffrey.petrino@ccmail.irs.gov” or call (202) 283-1411

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1.0 INTRODUCTION

The Internal Revenue Service (IRS) is continuing its approach to an Electronic Tax Administration (ETA) partnership with industry that began on November 26, 1997 with the release of IRS's first Request for Agreements (RFA).[1] That RFA resulted in several agreements for tax filing season 1998. As a result, the IRS is refining the process and expectations based on lessons learned and is once again offering partnerships for the 1999 and 2000 filing seasons.

This is a solicitation of proposals for Non-Monetary Agreements only. No proposal for funding will be considered. In general, "Agreements" are defined as non-monetary arrangements between two parties (commercial firm, not-for-profit organization, or any federal, state or local agency and the IRS). In this instance, proposals may be submitted by any authorized IRS *e-file* provider who meets the mandatory eligibility requirements in Section 1.3 below.

1.1 Background

The IRS is the largest processor of information in the world, processing in excess of 2 billion transactions in 1998. These transactions include receiving and processing tax related data, including individual and business income tax returns, informational returns (interest, dividend, etc.), and payments. While some of the transactions are electronic, the IRS still devotes significant resources to convert much of the information provided by its information exchange partners into an electronically processable format. There were 24.6 million individual returns filed electronically in 1998. A total of 29.6 million electronically filed individual returns are projected for 1999.

ETA represents the two-way electronic exchange of information that the IRS has with individual and business taxpayers, taxpayer representatives, tax practitioners, financial institutions and other government entities. Electronic Tax Administration provides the mechanisms for taxpayers, preparers and practitioners, payers and other information exchange partners to file returns, make payments, exchange correspondence, and retrieve forms, publications, and other information from the IRS with a minimum reliance on paper.

The mission of Electronic Tax Administration is to revolutionize how taxpayers transact and communicate with the IRS. Strategies to fulfill this mission include:

- Making electronic filing, payment, and communication so simple, inexpensive, and trusted that taxpayers will prefer these to calling and mailing;

- Providing additional taxpayer access methods to electronic filing, payment, communication products and services;

- Aggressively protecting transaction integrity and quality;

- Substantially reducing electronic filing per return processing costs;

- Seeking the best people, ideas and partners to assure our success; and,

Delivering the highest quality products and services as promised.

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[1] Because participation in agreements will not entail the expenditure of appropriated funds, the agreements do not meet the definition of "acquisition" in Federal Acquisition Regulation (FAR) 2.101. Therefore, the FAR does not apply to this RFA or the resulting agreements.

1.2 Scope of Request for Agreement (RFA)

For the purposes of this RFA, the Government will focus on eliminating repeated visits by taxpayers to sign and/or re-sign signature declarations associated with the electronic filing of individual income tax returns (1040 series).

Offerors are invited to propose that the IRS accept by mail, completed fax copies of Form 8453, U.S. Individual Income Tax Declaration for Electronic Filing, including attachment Forms W-2, and 1099R. In exchange for the value of this burden reduction by the IRS, Offerors shall demonstrate how they will reduce burden and increase e-filing throughout electronic filing market segments. Underrepresented market segments involve balance due filers, more complicated returns (Forms 1040 rather than 1040EZ or 1040A), and Federal/State filers.

1.3 Mandatory Eligibility Requirements

In order to be eligible for an Agreement for the 1999 filing season, an Offeror responding to this RFA must:

- Be an Authorized IRS *e-file* provider who will prepare and electronically transmit federal individual tax returns during the 1999 filing season;
- Have electronically transmitted at least 100 federal individual tax returns during the 1998 filing season (tax year 1997);
- Have not received a 1998 Suspension letter, Letter 2752 (CG), for missing Forms 8453; and
- Agree to track and report the number of Forms 8453 they receive by fax from taxpayers.

Any firm who does not receive an Agreement for the 1999 filing season based on the mandatory eligibility requirements may submit a proposal for the 2000 filing season in response to this RFA provided they meet the following requirements based on the 1998 tax year and 1999 filing season. The Offeror must:

- Be an Authorized IRS *e-file* provider who will prepare and electronically transmit federal individual tax returns during the 2000 filing season;
- Have electronically transmitted at least 100 federal individual tax returns during the 1999 filing season (tax year 1998);
- Have not received a 1999 Suspension letter, Letter 2752 (CG), for missing Forms 8453; and
- Agree to track and report the number of Forms 8453 they receive by fax from taxpayers.

2.0 AGREEMENT REQUIREMENTS

The IRS anticipates entering into agreements for the 1999 and 2000 filing seasons (1998 and 1999 tax years respectively). Agreements for the 1999 filing season may be awarded for a maximum term of two years, that is one year with an option to extend for another year subject to mutual agreement. Offerors who propose only for the 2000 filing season may receive agreements for that year only.

There are no restrictions on the number or frequency of proposals which may be submitted by any Offeror in response to this RFA.

Proposals shall clearly state the implementation milestones and associated time frames for the proposed solution for the Offeror. If the IRS determines that the proposal cannot be accomplished in time for the proposed filing season, then the proposal will be rejected.

2.1 Project Plan

All proposals submitted in response to this RFA shall be submitted in the form of a project plan. The format for the project plan is as follows:

A) Introduction

- Briefly describe your understanding of the objective and scope of the proposed Agreement.
- State the filing seasons proposed (1999 and 2000 or 2000 only).
- Address the RFA's Mandatory Requirements (See Section 1.3) and provide evidence of your compliance.
- Identify the IRS Service Center(s) you currently use for receiving and accepting returns.
- Include your Electronic Filer Identification Number (EFIN), and Electronic Transmitter Identification Number (ETIN), or a copy of your most recent letter of acceptance into the IRS *e-file* program.
- Include point of contact (POC) information (name, address, phone number, e-mail address and fax number) for discussion and negotiation of your proposal. The point of contact shall have decision making (commitment) authority for the Offeror.

B) Description of Solution and Proposed Agreement

- Include POC information (if different than above) for management of your performance of the agreement.
- Describe the POC's scope of authority and the resources available to the POC for ensuring the performance of the Agreement.
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- Describe the duties and responsibilities of you as an Industry partner to the IRS in fulfilling the proposed Agreement. State everything that you will do in addition to offering the administrative relief of receiving faxed 8453s to increase electronic filing, i.e., indicate any specific price discounts or other benefits you would provide to taxpayers to give them incentives to participate in IRS *e-file* (see step 2 evaluation factors 2 and 3 in Section 4.0 below).
- Describe the definition of success for your solution and means of measuring quantifiable benefits for evaluating that success.
- Describe the duties and responsibilities requested of the IRS in fulfilling the proposed Agreement.
- Describe the IRS resource requirements beyond the normal District Office and Service Center support as stated in Publication 1345, if required. Include the required: type of support, number of personnel, time frames for personnel, and supplies and equipment.
- Describe the attention that will be given to this project, the resources that you will allocate, and your plan for managing and implementing the Agreement.
- Describe the milestones and time frames associated with implementation including all deliverables.

- Return the Model ETA Agreement (Attachment 1 to this RFA) with any proposed additional content for negotiation, including dispute resolution and any remedies other than termination for the failure of either party to perform. Offerors are free to describe the respective duties and responsibilities either in the Agreement Requirements section of the project plan or in items 7 and 8 of the Model ETA Agreement.

2.2 Deliverables

The Industry Partner shall submit a project performance report. This report shall contain narratives describing progress in performance of the Agreement and measurement of the success of the partners' promotion. This report shall include the number of Forms 8453 received by fax from taxpayers. The report shall be submitted on May 15 of each calendar year to the IRS Point of Contact to be identified in the Agreement. This report shall be used as a means to determine whether the Offeror has met the requirements of the agreement. This report is subject to inspection, verification and approval by the IRS and will be used to determine whether any option to extend the Agreement is exercised.

3.0 DELIVERY OF PROPOSAL/PROJECT PLAN

Offerors shall submit proposals via electronic mail to Mr. Jeffrey Petrino, Contracting Officer at "jeffrey.petrino@ccmail.irs.gov." Offerors shall submit proposals in Microsoft Word 97 or lower version or WordPerfect 6.1 or lower version. We do not anticipate the need for proposals to be very large in size, so file compression is not necessarily required. Any Offeror who intends to compress the file must use WinZip 6.2 or less. **Proposals for the 1999 filing season shall be completely transmitted through electronic mail by 5:00 p.m. EDST December 18, 1998. The IRS anticipates issuing agreements for the 1999 filing season between January 15, 1999 and January 31, 1999. Proposals for the 2000 filing season shall be completely transmitted through electronic mail by 5:00 p.m. EDST May 17, 1999.** Extraneous narratives, elaborate brochures, uninformative Public Relations (PR) material and so forth will not be considered. Proposals must be sent by electronic mail. Any proposal that is delivered solely by other media will not be considered. Please note that our communication system delivers E-mail of up to 2MB in size between 6:00 a.m. and 6:00 p.m. Anything large than 2MB up to 9MB (maximum size accepted) is delivered after 6:00 p.m. and before 6:00 a.m.

4.0 EVALUATION PROCESS AND ASSESSMENT CRITERIA

The Offerors' proposals will be evaluated using the three-step process and the factors described below.

<u>Step 1</u>

The first step of the evaluation entails an assessment of the Project Plan to determine: (1) the Offeror's adherence to the scope of the RFA (see 1.2 above), (2) acceptability of the Offeror's response to the mandatory requirements (see 1.3 above); and (3) realism of the Offeror's proposal for accomplishment in time for the filing season(s) proposed. The IRS will make this determination on a pass/fail basis. Proposals within the scope of the RFA that include acceptable responses to the mandatory requirements and propose Agreements that are achievable in time for the proposed filing season(s) will pass and move to the next step.

Step 2

In the second step, the IRS will review the Project Plan and communicate to the Offeror uncertainties that are found in the proposal. Such communications will be for the purpose of minimizing the uncertainties. They will not be used to cure significant omissions in the proposal, materially alter the proposal, or otherwise elicit significant revisions to the proposal. Any proposals whose project plans contain significant omissions or ambiguities will no longer be considered. Offerors who submit project plans that are clear or whose uncertainties have been removed, may be required to conduct an oral presentation of the proposed agreement (project plan) and participate in a question and answer session. The oral presentation and project plan will be evaluated using the evaluation factors below:

Factor 1 - Soundness of Approach
Are success factors and a success measurement methodology described and reasonable?
Does the Offeror promise appropriate management attention and resources?
Are duties, responsibilities, and milestones clearly stated for both the Offeror and the IRS? Are they achievable?
Manageability, i.e., is the burden to the IRS in allocating the resources or in making the changes requested by the Offeror in time for the proposed filing season acceptable?

Factor 2 - Impact on Underrepresented Market Segments, i.e., are there positive impacts on any of the following:
- on complicated returns?
- on balance due returns?
- on Federal/State returns?

Factor 3 - Impact on Taxpayer Burden, i.e., does the proposal demonstrate reduction in either of the following:
- cost to the taxpayer?
- Taxpayer time?

This evaluation will result in a pass/fail determination.

Concurrently, the Offeror's project plan will be reviewed by the IRS Criminal Investigation. This review will address fraud prevention and detection implications of the proposal. Also, the IRS will assess the proposal to assure the proposed agreement does not disrupt other planned filing season activities. These reviews will be conducted on a pass/fail basis. Any uncertainties in the Offeror's proposal identified by the IRS will be communicated to the Offeror for clarification and possible negotiation. Offerors' proposed agreements that pass the Step 2 evaluation and the internal IRS reviews will continue to the next step.

Step 3

The third step will focus on the proposed agreements' impact on the Service. This assessment will include a comparison of the Offerors' proposed agreements using the following discriminators: management approach, value of any benefits offered that impact any underrepresented market segments or reduce taxpayer burden, and IRS's management, technical and financial resources required.   The IRS will then rank the proposed agreements in descending order, beginning with the one with the greatest benefit and least burden offered. The intent is to award the maximum number of Agreements that the IRS deems appropriate considering the above discriminators. As a result of this assessment, any, all or none of the proposed agreements may be selected.

Attachment 1

MODEL
ELECTRONIC TAX ADMINISTRATION
MEMORANDUM OF AGREEMENT
BETWEEN THE INTERNAL REVENUE SERVICE AND
[INSERT PARTICIPANT'S NAME]

1. INTRODUCTION:

This Electronic Tax Administration ("ETA") Memorandum of Agreement ("Agreement") between the Internal Revenue Service ("IRS") and [insert name of company or organization] ("Participant") sets forth the complete agreement of the parties with regard to participation in the [insert name of project] for electronically filed individual returns (1040 series) during the [insert year] filing season which covers the [insert year] tax year. The parties agree that, except as provided below, the participant will be treated as an Electronic Return Originator (ERO) or a Transmitter as those terms are defined in 3.01(1) and (4) of Rev. Proc. 96-61 (and any subsequent revenue procedures relating to electronic filing of Form 1040, Individual Income Tax Return.). Also, except as provided below, the parties agree to comply with all relevant statutory, regulatory, and administrative requirements relating to the electronic filing program.

2. AUTHORITY:

(A) This Agreement is entered into pursuant to the authority vested in the Commissioner of the IRS by Treasury Order 150-10 to administer and enforce the internal revenue laws. [May also refer to statute on electronic filing.]

(B) This Agreement is not an "acquisition" as that term is defined in the Federal Acquisition Regulation ("FAR") 2.101; therefore, the FAR does not apply to this Agreement .

3. BACKGROUND AND PURPOSE:

(A) This Agreement results from the evaluation and selection by the IRS of one or more proposals received in response to a solicitation or Request for Agreements ("RFA") for ETA Partnerships in the form of Non-Monetary Agreements.

(B) The purpose of this Agreement is to reduce administrative burden to the taxpayer(s) and/or the Authorized *e~file* provider, in ascertaining signatures to authenticate the filing of an electronic tax return, in exchange for agreed services by the Industry Partner to promote electronic filing.

4. DEFINITIONS:

[TO BE INCLUDED AS NECESSARY]

5. APPLICABLE DOCUMENTS:

[TO BE INCLUDED AS NECESSARY. IN THE EVENT THAT "OFFICIAL USE ONLY" INFORMATION OR TAXPAYER INFORMATION MUST BE PROVIDED BY THE IRS TO THE PARTICIPANT FOR PERFORMANCE OF THE AGREEMENT, THEN THE AGREEMENT WILL INCLUDE THE FOLLOWING IRS ACQUISITION PROCEDURE (IRSAP) CLAUSES, AS APPLICABLE: "DISCLOSURE OF INFORMATION – SAFEGUARDS;" "DISCLOSURE OF 'OFFICIAL USE ONLY' INFORMATION SAFEGUARDS;" "DISCLOSURE OF INFORMATION – CRIMINAL/CIVIL SANCTION;" AND "DISCLOSURE OF INFORMATION – OFFICIAL USE ONLY."]

6. AUTHORIZED REPRESENTATIVES:

[CONTACT POINTS FOR EACH PARTY TO BE INCLUDED]

7. DUTIES AND RESPONSIBILITIES OF THE IRS:

[STATEMENT OF WORK (SOW) TYPE LAYOUT OF IRS' COMMITMENTS TO BE INCLUDED]

8. DUTIES AND RESPONSIBILITIES OF THE PARTICIPANT:

[SOW TYPE LAYOUT OF PARTICIPANT'S COMMITMENTS TO BE INCLUDED]

9. LIABILITY:

Each party to this Agreement shall be liable for the acts and omissions of its own employees.

The IRS shall not be liable for any injury to the Participant's personnel or damage to the Participant's property unless such injury or damage is due to negligence on the part of the Government and is recoverable under the Federal Tort Claims Act {28 U.S.C. 1346(b)], or pursuant to other statutory authority.

10. THIRD PARTY RIGHTS:

This Agreement does not confer any rights or benefits on any taxpayer or any other third party.

11. PERIOD OF PERFORMANCE AND TERMINATION:

(A) This Agreement shall be in effect from the date of signature for the IRS for a period of one year, renewable for one additional one-year option period by mutual consent.

(B) This Agreement may be terminated by either party upon 30 days after receipt of written notice signed by either of the signatories to this Agreement or by their successors or designees. The Participant understands that in the event the IRS terminates this Agreement, the Participant has no right to any claim against the Government, including a claim for termination costs.

12. MODIFICATION OF AGREEMENT:

This Agreement may be modified by either party, but only upon mutual agreement. All modifications must be in writing and signed by both of the signatories to this Agreement or by their successors.

13. INSPECTION RIGHTS:

(A) The IRS may inspect the work performed by the Participant upon reasonable notice to the Participant's Authorized Representative and in a manner that will not interfere with the Participant's performance of this Agreement. The Participant shall provide access for this purpose to the IRS's Authorized Representative(s) to the location where the work is being performed. The IRS shall also have the right to inspect the Participant's Report(s) of the work performed as a result of this Agreement. The IRS's Authorized Representative shall provide the results of any inspections to the Participant's Authorized Representative for any necessary resolution.

13. INSPECTION RIGHTS (CONTINUED):

The IRS may evaluate the Participant's performance of this Agreement and may provide the results of this evaluation to the Participant, in writing, on a quarterly basis for written comment and return to the IRS.
The evaluation, including the Participant's comments, may be used by the IRS in considering the Participant for future Agreements or Contracts.

14. RELEASE OF INFORMATION

The Participant shall provide written notice to the IRS and obtain consent in advance of releasing any advertisements, press releases, marketing presentations, or related communications for the purpose of performing the pilot described in this Agreement. The text and purpose of the intended releaseshall be provided to the IRS Point-of-Contact for this Agreement.

15. REMEDIES:

[ANY REMEDIES FOR NON-PERFORMANCE BY EITHER PARTY, IF ANY ARE TO BE INCLUDED OTHER THAN "TERMINATION" AS STATED IN 11(B), MAY BE INSERTED SUBJECT TO MUTUAL AGREEMENT. IF REMEDIES ARE TO BE PROVIDED, THEN THE UNILATERAL TERMINATION PROVISION IN 11(B) SHALL BE DELETED.]

16. LIMITATIONS:

The terms of this Agreement are not intended to alter, modify, or rescind any current Agreement or provision of Federal law now in effect. Any provision of this Agreement which conflicts with Federal law will be null and void.

17. DISPUTE RESOLUTION:

[THE CONTRACT DISPUTES ACT DOES NOT APPLY. UNDER 41 U.S.C. 605(d), IRS AND THE PARTICIPANT MAY AGREE TO ALTERNATIVE DISPUTE RESOLUTION OR OTHER MUTUALLY AGREEABLE PROCEDURES.]

18. SIGNATURES:

[TO BE SIGNED AND DATED WITH THE NAMES AND TITLES OF EACH SIGNATORY INSERTED.]